

13 February 2019

The Board of Directors
SunVic Chemical Holdings Limited
112 Robinson Road
#11-01
Singapore 068902

Attn: Mr Koh Poh Beng, Lead Independent Director

Dear Sirs

**SUNVIC CHEMICAL HOLDINGS LIMITED ("SUNVIC" OR THE "COMPANY")
NOTICE OF COMPLIANCE**

1. Singapore Exchange Regulation ("**SGX Regco**") refers to the following announcements:
 - (i) The Company's announcement dated 8 November 2018 (Announcement Reference No.:SG181108OTHRUSCD) titled "Proposed Disposal of 45% of Equity Interest in Taixing Sunke Chemicals Co., Ltd";
 - (ii) The Company's announcement dated 12 November 2018 (Announcement Reference No.:SG181112OTHRGR4S) titled "Response to SGX Queries";
 - (iii) The Company's announcement dated 10 January 2019 (Announcement Reference No.:SG190110OTHR1AX6) titled "Receipt of Letters of Demand by the Company's Wholly-Owned Subsidiaries";
 - (iv) The Company's announcement dated 18 January 2019 (Announcement Reference No.:SG190118OTHRVT1U) titled "Response to SGX Queries"
 - (v) The Company's announcement dated 4 February 2019 (Announcement Reference No.:SG190204OTHRF2Y5) titled "Update on the Proposed Disposal of 45% Equity Interest in Taixing Sunke Chemicals Co., Ltd"
2. On 8 November 2018, the Company announced that "Taixing Jurong Chemical Co., Ltd ("**Taixing Jurong**")", a wholly-owned subsidiary of the Company, has entered into a binding letter of intent with Arkema Asie SAS (the "**Purchaser**") on 5 November 2018 to dispose its 45% equity interest in the share capital of Taixing Sunke Chemicals Co., Ltd ("**Taixing Sunke**")", to the Purchaser (or any of its affiliates) (the "**Proposed Disposal**"). Based on the Company's response to the SGX on 12 November 2018, the Company disclosed that the Company is expected to receive net cash of approximately RMB384.6 million after the settlement of expenses and intercompany debts as referred to in paragraph 7(iii).

3. On 10 January 2019, the Company belatedly announced that two of its wholly owned subsidiaries, Yixing Yinyan and Jiangsu Jurong, had received letters of demand amounting to RMB 226 million in respect of unauthorised significant guarantees purportedly extended by the Company's subsidiaries for loans made by Yixing City Futao Rural Micro Credit Co., Ltd (宜兴市富陶农村小额贷款有限公司) ("**Yixing Futao Credit**" or "**YFC**") and Bank of China Co., Ltd., Xiangshui County Sub-branch ("**Bank of China**" or "**BOC**") to purportedly unrelated parties namely Jiangsu Donglai and Jiangsu Dahe (the "**Borrowers**") respectively. The Company disclosed that:

- (i) Yixing Futao Credit is seeking repayment of RMB183,700,000 (the "**YFC Claim Amount**"), comprising of RMB180,000,000 as principal repayment and RMB3,700,000 as accrued interest payable in respect of the YFC Loan, as Jiangsu Donglai has failed to make repayment of the YFC Claim Amount on the repayment date of 15 October 2018. Yixing Futao Credit is seeking repayment of the YFC Claim Amount in view of the guarantee extended by Sunvic's subsidiary, Yixing Yinyan;
- (ii) In the BOC Letter of Demand, Bank of China is seeking repayment of RMB42,971,061.50 (the "**BOC Claim Amount**"), comprising of RMB42,500,000 as principal repayment and RMB471,061.50 as accrued interest payable in respect of the BOC Loan, as Jiangsu Dahe has failed to make repayment of the BOC Claim Amount on the repayment date of 9 December 2018. Bank of China is seeking repayment of the BOC Claim Amount in view of the guarantee extended by Sunvic's subsidiary, Jiangsu Jurong; and
- (iii) The YFC Letter of Demand and the BOC Letter of Demand may be regarded as event of default triggering repayment obligations and termination of such banking facilities, resulting in a material adverse impact on the Group's cash flow.

4. On 18 January 2019, in response to the SGX Regco's queries, the Company announced that:

- (i) The Management did not inform the Board on the YFC Corporate Guarantee and the BOC Corporate Guarantee prior to signing of the guarantee documents. The Management did not provide the Board with any due diligence on the lenders and borrowers;
- (ii) No Board approval was obtained for the purpose of the YFC Corporate Guarantee and the BOC Corporate Guarantee extended by Sunvic's subsidiaries;
- (iii) The Board had not been informed about the circumstances in which the YFC Corporate Guarantee and BOC Corporate Guarantee were extended;

- (iv) The Management also informed the Board that they were not able to obtain information regarding the size of operations and financial position of the Borrowers; and
 - (v) The YFC Corporate Guarantee and the BOC Corporate Guarantee have not been disclosed previously when they were signed in October 2018 and January 2018 respectively.
5. As a result of the above, trading in the Company's shares was halted on 8 January 2019 and converted into a trading suspension on 14 January 2019.
 6. On 4 February 2019, the Company announced that Taixing Sunke, Taixing Jurong, Arkema Asie SAS and Arkema (China) Investment Co., Ltd had entered into an Equity Transfer Agreement on 30 January 2019 in respect of the Proposed Disposal. Sunvic will be seeking shareholders' approval under Listing Rule 1014 for the Proposed Disposal.
 7. SGX Regco has serious concerns over the questionable circumstances surrounding the unauthorised undisclosed significant Corporate Guarantees extended to purported third parties. Pending the outcome of the Audit Committee's investigations into the veracity of the YFC and BOC Loans and the circumstances surrounding the purported unauthorised Corporate Guarantees, SGX Regco directs the Company to:
 - (i) Place the proceeds from the Proposed Disposal in an Escrow Account to be operated jointly by the independent directors of the Company, resident in Singapore;
 - (ii) All receipts from the Proposed Disposal must be paid into the Escrow Account; and
 - (iii) The amounts in the Escrow Account cannot be withdrawn until the completion of the investigations and agreed by the Exchange, save for the settlement of expenses and intercompany debts as set out in the Payment Terms of the Equity Transfer Agreement.
 8. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX Regco shall be deemed a contravention of the Listing Rules. Upon fulfilment of the requirements imposed, please inform the SGX Regco in writing.



9. Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX Regco reserves the right to take disciplinary action against the Company for breaches of the Listing Rules, including any failure to comply with the requirements imposed by the Exchange.

Yours faithfully
June Sim
Senior Vice President
Head, Listing Compliance
Regulation

cc: **Board of Arkema Asie SAS**
cc: **Euronext Paris**